

# HB 3141 - Modernizing the Public Purpose Charge

## Background

The public purpose charge (PPC) is a fee assessed on the electric bills of customers of Portland General Electric (PGE) and PacifiCorp (PAC). The funding is then allocated to various expenditures that benefit ratepayers in PGE and PAC service territories, including energy efficiency, low-income weatherization, investments in smaller-scale renewable energy resources, and helping schools be more energy efficient. There is also a portion of the PPC that goes to the statewide low-income housing fund. The current PPC is levied at 3% of the total revenues of both PGE and PAC. It is scheduled to sunset at the close of 2025.

## Goal

Since the public purpose charge was first established in 1999, many things have changed. Utilities are now required to plan for and pursue all cost-effective energy efficiency. Renewable energy resources, still in their infancy in 1999, can now be combined with storage for emergency preparedness. Weatherization is even more important for low-income households and there is still much left to do. Constituencies that work with and depend on the public purpose charge came together to determine how best to update it to meet today's needs.

## What HB 3141 Does

HB 3141 does eight key things:

- 1) Removes energy efficiency from the charge and puts it into rates
- 2) Increases weatherization dollars
- 3) Maintains stable funding for renewable energy projects while allowing investments to support community resiliency
- 4) Creates a 25% set-aside for low-and moderate-income small renewable projects
- 5) Requires creation of equity metrics
- 6) Maintains stable funding for energy efficiency projects in schools
- 7) Maintains stable funding for the housing trust fund
- 8) Extends the sunset to January 1, 2036

## Description

**Energy Efficiency:** Currently, about 1.7% of the PPC is collected for energy efficiency programs. SB 1547 (2016) also directed utilities to plan for and pursue all cost-effective energy efficiency and pay for it in customer rates. So, customers have been paying for energy efficiency in two ways. HB 3141 works to streamline the process to pursue energy efficiency.

The proposed legislation moves all energy efficiency into customer rates and still requires utilities to pursue all cost-effective energy efficiency. This means it is no longer necessary to collect a public purpose charge to pay for energy efficiency. This will not decrease the amount spent on energy efficiency. Large customers may elect to self-direct to complete energy efficiency upgrades at their own facilities.

**Weatherization:** The percentage of the PPC allocated to low-income weatherization programs will increase. Oregon Housing and Community Service (OHCS) and community action agencies that deliver weatherization services confirm the need for additional dollars, and the capacity to

administer it through existing programs. The bill will increase the allocation to low-income weatherization by 57% (from .35 to .55), putting the level of funding at about what it was when the state received American Recovery and Reinvestment Act (ARRA) funds during the Great Recession. In addition, the bill allows weatherization funds to be used to help fund manufactured home replacement as well as allows some funds to be used for comprehensive health and safety repairs that are needed to enable weatherization work. (For example, fixing a hole in the roof before insulation can be installed). The bill also allows weatherization funds to be used to switch from bulk fuels (e.g., oil, wood pellets) to electricity if cost effective.

**Renewables:** The bill proposes no change in the portion of the PPC that is dedicated to paying down the cost of above-market renewables, such as in-conduit hydro projects or rooftop solar on homes, schools and businesses. However, to reflect modern energy needs for greater resilience, the allowable uses of renewables PPC dollars is expanded to:

- Include investments in storage, grid optimizing investments that enhance resilience, reliability, and renewable power integration.
- Mandates that 25% of this funding goes to low-moderate income (LMI) customers.
- Allows for self-direction for large customers.

**Equity:** In addition to expanding the PPC for low-income weatherization and dedicating at least 25% of the renewables/resilience dollars to LMI customers, the bill requires the PUC, which oversees the use of most of the PPC funds, to create a set of equity metrics to ensure that historically underserved communities are benefiting from the PPC.

Other details:

- Leaves current public purposes funding for schools unchanged
- Leaves current public purposes funding for low-income housing unchanged.
- Changes the sunset from January 1, 2026 to January 1, 2036

A -1 amendment with technical fixes to the bill as drafted is expected at its first hearing.

PPC Allocations	Current	HB 3141
Energy Efficiency	1.7	Shifts to, and is paid for in rates.
Low Income Weatherization	.35	.55
Low Income Housing	.14	.14
Renewables/ Grid Modernization	.51	.51 (with 25% carve out for LMI)
Schools	.3	.3
<b>Total PPC</b>	<b>3%</b>	<b>1.5% w/EE now paid for in rates</b>

